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Idea Exchange

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IDEA EXCHANGE

By LUCILLE PERELMAN, Charleston, West Virginia

Actual Costs Versus Budget for Contractors

In the construction industry the General Contractor, particularly on large commercial or heavy construction projects, at all times should be able to compute an actual progressive cost, daily, weekly or monthly, according to each item as set up in the budget by engineering.

This can be a relatively simple accounting operation if the Job Cost Subsidiary Ledger is set up with the captions coded the same as the engineering budget.

For example:

ENGINEERING BUDGET ACCOUNTS

Account Number	Description	Labor	Material	Subcontractor
A-1	Temporary Facilities:			
A-1.01.1	Temporary Buildings	\$x.xx		
A-1.01.2	Toilets		\$x.xx	
A-1.01.3	Water Supply			\$x.xx
A-1.01.4	Electric Power & Light	\$x.xx		

Usually the "LABOR," "MATERIAL" and "SUBCONTRACTOR" are considered a major division of the job and are given a separate sheet or card, each having all the items or accounts on it.

If engineering budget sheets are mimeographed with the original budget amounts after each item and sufficient space is allowed for current progressive cost figures, accumulative totals from each item in the Job Cost Ledger can be inserted under the proper engineering budget caption and an "actual cost versus budget" is obtainable at any time without additional recapping and recalculations.

—Irene A. Lowrie
Los Angeles Chapter ASWA

Bank Reconciliation Short Cut

Your adding machine can come in handy in making your bank reconciliation statement. Instead of tediously hand-listing your outstanding checks, run a tape of the outstanding checks, using the non-add key to insert check numbers. When your tape is

complete, the total is immediately available. The tape can be clipped to the reconciliation and is easily checked the following month to ascertain which checks are then outstanding.

Lou Whitesell O'Dell, Los Angeles

Expiration Date on Stored Records

There is little as frustrating as row upon row of filed records, among which there MUST be some which could be destroyed. To simplify this matter in years to come, always list the contents on the outside front of the file. But most important, record the DATE AFTER WHICH THE RECORDS MAY BE DESTROYED. This can be "Destroy after" or "Statute of Limitations Expires" It is suggested this be put in the lower left hand corner for the sake of consistency.

—Theia A. Cascio, Los Angeles

Gross Profit Table

To make a Gross Profit of:	Add to the Cost Price:
50%	100%
40%	66-2/3%
35%	53-4/5%
30%	42-6/7%
25%	33-1/3%
20%	25%
15%	17-2/3%
12 1/2 %	14-2/7%
10%	11-1/9%
8%	8-2/3%
5%	5-1/4%

—Maxine Wells, Grand Rapids

Consigned Inventory Control

For concerns who buy the same merchandise on consignment and on open account, the following method may be used to account for the exact amount on consignment:

On a perpetual inventory record show the total quantity of the item and show the amount on consignment in red pencil. At a glance the total inventory of an item and the amount owned on outright purchase can be determined. When the consignment report is prepared each month, sales are reported if the total inventory is less than the consigned balance. Each item is physically checked each month, and if the consigned balance has changed, this figure is again entered in red.

—Elizabeth Sage, Grand Rapids